UNITED STATES PATENT AND TRADEMARK OFFICE

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/524,189	03/13/2000	Forrest N. Krutter	10106/4	6269

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ART UNIT	PAPER NUMBER
3626	

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
3 MONTHS	02/12/2007	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

	Application No.	Applicant(s)
Office Action Summary	09/524,189	KRUTTER ET AL.
	Examiner	Art Unit	
	Natalie A. Pass	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on <u>22 December 2006</u>.

2a)☐ This action is **FINAL**.   2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-20* is/are pending in the application.

    4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-20* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a)☐ All b)☐ Some * c)☐ None of:

      1.☐ Certified copies of the priority documents have been received.

      2.☐ Certified copies of the priority documents have been received in Application No. _____.

      3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1)☐ Notice of References Cited (PTO-892)

2)☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3)☐ Information Disclosure Statement(s) (PTO/SB/08)
    Paper No(s)/Mail Date _____.

4)☐ Interview Summary (PTO-413)
    Paper No(s)/Mail Date. _____.

5)☐ Notice of Informal Patent Application

6)☐ Other: _____.

DETAILED ACTION

Notice to Applicant

1.   A request for continued examination under 37 CFR 1.114, including the fee set forth in

37 CFR 1.17(e), was filed in this application after final rejection. Since this application is

eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e)

has been timely paid, the finality of the previous Office action has been withdrawn pursuant to

37 CFR 1.114. Applicant's submission filed on 22 December 2006 has been entered.

2.   This communication is in response to the Request for Continued Examination and

amendment filed 22 December 2006. Claim 1 has been amended. Claims 1-20 remain pending.

Claim Objections

3.   In the amendment filed 17 November 2005 the limitations of claim 1 did not accurately

match the claim listing of the previous amendment, filed January 18, 2005. The previous claim 1,

in the amendment filed January 18, 2005, had recited, "calculating <u>by the computer</u> a fixed

dividend" (emphasis added) on line 8. In the amendment of 17 November 2005 this limitation

was amended to recite, "calculating a fixed dividend" (also on line 8) without proper deletion

markups. However, due to the submission filed on 22 December 2006, the objection to claim 1

because the claim listings were not properly marked is hereby withdrawn.

Claim Rejections - 35 USC § 112

4.   The rejection of claim 1 under 35 U.S.C. §112, second paragraph, is hereby withdrawn,

due to the submission filed on 22 December 2006.

Claim Rejections - 35 USC § 103

5.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all

obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in
> section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are
> such that the subject matter as a whole would have been obvious at the time the invention was made to a person
> having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the
> manner in which the invention was made.

6.   Claims 1-3 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al.,

U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent

Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178,

hereinafter known as Schwab, and further in view of Hall, R., "Alternatives to Estimation of

Claims and Acceleration of Reinsurance Recoverables: The Uniform Receivership Law," (1999),

URL:< http://www.robertmhall.com/articles/k.htm>, hereinafter known as Hall, for substantially

the same reasons given in the previous Office Action (paper number 01242006). Further reasons

appear hereinbelow.

(A)   As per newly amended claim 1, King teaches a method implemented with a

computer of paying an insolvent Insurance Company's liabilities through a reinsurance

agreement or other indemnification arrangements, comprising:

     a)   estimating with the computer values of an Insurance Company's assets and

liabilities and storing said values in electronic readable format in the computer, said assets

including reinsurers' obligations associated with the liabilities (King; column 7, lines 22-25,

column 9, lines 45-52, column 20, lines 8-21);

d)   receiving at least a portion of the assets of the insolvent Insurance Company, including rights to the insolvent Insurance Company's reinsurers' obligations associated with the liabilities (King; see at least column 7, line 8 to column 8, line 67).

King fails to explicitly disclose

c)   guaranteeing the payment of the fixed dividend to claimants or insureds of the insolvent Insurance Company when said allowed claim matures.

However, the above features are well-known in the art, as evidenced by Schwab.

In particular, Schwab teaches

c)   "requires reinsurers to pay only on 'liquidated and determined' claims" (reads on "guaranteeing the payment of the fixed dividend to claimants or insureds of the insolvent Insurance Company when said allowed claim matures") (Schwab; see at least page 177, line 9).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of paying an insolvent Insurance Company's liabilities of King to include these limitations, as taught by Schwab, with the motivation of protecting the interests of the insurance company's claimants, policyholders, creditors, and the general public (Schwab; page 176, lines 40-41).

King fails to explicitly disclose

b)   calculating a fixed dividend based on the stored values of the assets and liabilities, wherein said dividend is a fraction of an allowed claim, the fraction being a function of said values.

However, the above features are well-known in the art, as evidenced by Hall.

In particular, Hall teaches

b)   calculating a "payment" (reads on "fixed dividend") based on the stored values of

the assets and liabilities, wherein said dividend is a fraction of an allowed claim, the fraction

being a function of said values (Hall; page 1, paragraphs 2, 8, 10, 11, page 2, paragraphs 1, 3);

Examiner interprets Hall's teachings of "mandatory negotiation and arbitration provisions ... [...]

... which allows the receiver to force an arbitration [i.e. "quantify"] of the value of outstanding...

[...] ... losses. Once the arbitration is complete, the reinsurer must pay or provide collateral for

the value of their reinsurance payables as found by the arbitration panel" (Hall; page 1,

paragraph 10) to be a form of calculating a "payment" (reads on "fixed dividend") based on the

stored values of the assets and liabilities, and Examiner interprets Hall's teaching of a "discount"

factor (Hall; page 2, paragraphs 1, 3) to be a form of "wherein said dividend is a fraction of an

allowed claim, the fraction being a function of said values."

It would have been obvious to one of ordinary skill in the art at the time the invention

was made to modify the combined teachings of King and Schwab to include these limitations, as

taught by Hall, with the motivation of providing an effective mechanism for handling insurance

receiverships by establishing a uniform, fair and more efficient means of administering insurance

insolvencies (Hall; page 1, paragraph 6).

(B)   As per claims 2-3, King, Schwab and Hall teach a method as analyzed and

discussed in claim 1 above

wherein said dividend is calculated by the computer by at least adding the value of the

insolvent Insurance Company property (reads on "assets"), including determining the expected

present value of the reinsurers' obligations discounted by a discount factor (reads on "reinsurer

risk factor"), and dividing by the expected present value of associated claims against the

Insurance Company (King; column 5, lines 9-21, column 7, line 8 to column 8, line 67, column

9, line 31 to column 10, line 49, column 21, lines 2-7), (Schwab; see at least page 176, lines 5-

44), (Hall; page 1, paragraphs 2, 8, 10, 11, page 2, paragraphs 1, 3); and

further comprising setting aside assets to cover administrative costs of the Insurance

Company before calculating said dividend (King; column 5, lines 9-21, column 9, line 31 to

column 10, line 49, column 20, line 25 to column 22, line 27), (Hall; page 1, paragraphs 2, 8, 10,

11, page 2, paragraph 1).

The motivations for combining the respective teachings of King, Schwab and Hall are as

given in the rejection of claim 1 above, and incorporated herein.

7.   Claims 4-9 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al.,

U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent

Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178,

hereinafter known as Schwab, and further in view of Hammond et al., U.S. Patent Number 5,

712, 984 for substantially the same reasons given in the previous Office Action (paper number

01242006). Further reasons appear hereinbelow.

(A)   As per claim 4, King teaches a computer-based method of reinsuring an insolvent

Insurance Company's liabilities comprising:

a)　　　estimating a value of the Insurance Company's assets (King; see at least Figure 1,

column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, lines 5-16);

b)　　　estimating with a computer a value of claims of insureds against the Insurance

Company (King; see at least Figure 1, column 7, line 8 to column 8, line 67, column 9, line 30 to

column 10, line 49, column 20, lines 8-21, column 22, lines 5-16);

c)　　　evaluating obligations of reinsurers against said claims by applying a reinsurer

risk factor (King; column 8, lines 19-32, column 9, line 30 to column 10, line 49, column 20,

lines 8-21, column 22, lines 5-16);

d)　　　determining with the computer the shortfall or insufficiency of the assets

including the reinsurers' obligations to cover said claims and administrative costs associated with

said claims (King; column 4, lines 10-17, column 7, line 8 to column 8, line 32, column 20, lines

8-21);

e)　　　determining with the computer a guaranteed payment rate of said claims as a

function of said shortfall and storing said payment rate in electronic readable format in the

computer (King; column 7, line 8 to column 8, line 32, column 9, line 30 to column 10, line 49,

column 20, lines 8-21, column 22, line 30 to column 23, line 6); and

g)　　　assigning or transferring at least a portion of said assets and reinsurers' obligations

to government approved fiduciary parties (reads on "Indemnifying Agent") (King, column 7,

lines 27-29).

King fails to explicitly disclose

f)   indemnifying by an Indemnifying Agent at least a portion of the Insurance

Company's liabilities for said claims at said guaranteed payment rate for payment when said

allowed claims mature.

However, the above features are well-known in the art, as evidenced by Schwab.

In particular, Schwab teaches

f)   indemnifying by a reinsurer (reads on "an Indemnifying Agent") at least a portion

of the Insurance Company's liabilities for said claims and "requires reinsurers to pay only on

'liquidated and determined' claims" (reads on "at said guaranteed payment rate for payment

when said claims mature") (Schwab; see at least page 176, lines 35-39, page 177, line 9).

It would have been obvious to one of ordinary skill in the art at the time the invention

was made to modify the method of King to these limitations, as taught by Schwab, with the

motivations of protecting the interests of claimants, abbreviating the delay in paying claimants,

reducing administrative expenses and lightening the burden of insolvency (Schwab; page 176,

lines 13-44).

King fails to explicitly disclose using computer-based models stored in the computer.

However, the above features are well-known in the art, as evidenced by Hammond.

In particular, Hammond teaches using computer-based models stored in the computer

(Hammond; see at least Abstract, Figure 1, column 2, lines 14-34, column 3, line 24 to column 4,

line 10, column 22, lines 7-30).

It would have been obvious to one of ordinary skill in the art at the time the invention

was made to modify the combined teachings of King and Schwab to include these limitations, as

taught by Hammond, with the motivation of providing a standardized method for more

accurately forecasting which would allow both insurers to budget and forecast more accurately

and thus to reduce losses (Hammond; column 2, lines 6-11).

(B)   As per claims 5-9, King, Schwab and Hammond teach a method as analyzed and

discussed in claim 4 above,

further comprising:

assigning to said claims a plurality of priorities and determining a plurality of payment

rates to correspond to said claims depending on the priority assigned to the claim (King; column

13, lines 5-16);

assigning an upper limit on an aggregate amount the Indemnifying Agent is liable for said

claims (King; column 3, lines 31-46, column 4, lines 10-45, column 7, line 8 to column 8, line

67, column 14, lines 41-57);

assigning to said Indemnifying Agent all assets or property of the insurance company

(reads on rights of the Insurance Company for any salvage or subrogation to which the Insurance

Company is entitled) (King; column 5, lines 9-21, column 7, line 8 to column 8, line 67, column

9, line 31 to column 10, line 49, column 20, line 25 to column 22, line 27), (Schwab; see at least

page 32, lines 3-23, page 176, lines 5-44);

assigning to the Indemnifying Agent all assets or property of the insurance company

(reads on a security interest in at least some of the Insurance Company's rights in secured or

special deposits or similar fund held by any state, trusts, letters of credit, and other security due

to or held in the Insurance Company's favor) (King; column 5, lines 9-21, column 7, line 8 to

column 8, line 67, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line

27), (Schwab; see at least page 32, lines 3-23, page 176, lines 5-44); and

appointing a Deputy Liquidator to administer the Insurance Company (King; column 7,

line 8 to column 8, line 67).

· The motivations for combining the respective teachings of King, Schwab and Hammond

are as given in the rejection of claim 4 above, and incorporated herein.

8.   Claims 10-11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Hammond

et al., U.S. Patent Number 5, 712, 984 in view of King et al., U.S. Patent Number 5, 704, 045 for

substantially the same reasons given in the previous Office Action (paper number 01242006).

Further reasons appear hereinbelow.

(A)   As per claims 10-11, Hammond teaches a software method for reinsuring an

insolvent Insurance company's liabilities using a computer, said method comprising:

a)   generating with a computer one or more statistical models representative of

known cost values based on significant characteristics of historical insurance claims

representative of immature insurance claims against the Insurance Company (Hammond; see at

least Abstract, Figure 1, column 2, lines 14-34, column 3, line 24 to column 4, line 10);

b)   storing said statistical models in electronic readable format in a first electronic

memory storage area in the computer (Hammond; see at least Abstract, Figure 1, column 2, lines

14-34, column 3, line 24 to column 4, line 10, column 22, lines 7-30);

c)   determining significant characteristics of said insurance claims for unstated

amounts and applying said models to said insurance claims for unstated amounts to estimate with

the computer the actual losses anticipated for those claims (Hammond; see at least Abstract,

column 2, lines 14-56);

Hammond fails to explicitly disclose

d)   determining the expected amount of the reinsurers' obligations on the insurance

claims for unstated amounts and calculating the present value of the reinsurers' obligations by

applying a reinsurer risk factor;

e)   calculating with the computer a guaranteed payment rate against said claims as a

function of the Insurance Company assets, the present value of the reinsurers' obligations and the

present value of underlying claims against the insurance company;

f)   storing the guaranteed payment rate in electronic readable format in a second

electronic memory storage area in the computer; and

g)   indemnifying the insolvent Insurance Company against the claims at the

guaranteed payment rate when said claims mature in exchange for the rights to the Insurance

Company's assets and reinsurers' obligations; and

further comprising setting aside assets for administrative costs before calculating the

guaranteed payment rate.

However, the above features are well-known in the art, as evidenced by King.

In particular, King teaches

d)   determining the expected amount of the reinsurers' obligations on the insurance

claims for unstated amounts and calculating the present value of the reinsurers' obligations by

applying a reinsurer risk factor (King; column 8, lines 19-32, column 10, lines 33-36, column 20,

line 64 to column 21, line 14);

e)   calculating with the computer a guaranteed payment rate against said claims as a

function of the Insurance Company assets, the present value of the reinsurers' obligations and the

present value of underlying claims against the insurance company (King; see at least column 7,

line 8 to column 8, line 32, column 9, line 30 to column 10, line 49, column 20, lines 8-21,

column 22, line 30 to column 23, line 6);

f)   storing the guaranteed payment rate in electronic readable format in a second

electronic memory storage area in the computer (King; column 7, line 8 to column 8, line 32,

column 9, line 30 to column 10, line 49, column 20, lines 8-21, column 22, line 30 to column 23,

line 6);

g)   indemnifying the insolvent Insurance Company against the claims at at the

guaranteed payment rate when said claims mature in exchange for the rights to the Insurance

Company's assets and reinsurers' obligations (King; column 5, lines 9-21, column 7, line 8 to

column 8, line 67, column 9, line 31 to column 10, line 49, column 20, line 25 to column 22, line

27); and

further comprising setting aside assets for administrative costs before calculating the

guaranteed payment rate (King; column 5, lines 9-21, column 9, line 31 to column 10, line 49,

column 20, line 25 to column 22, line 27).

It would have been obvious to one of ordinary skill in the art at the time the invention

was made to modify the method of Hammond to include these limitations, as taught by King,

with the motivations of enabling adequate funds to be provided by various classes of investors to

accept risks not efficiently transferable in existing markets while providing assurance that all

claims will be paid from its segregated assets, thus providing a comparatively higher quality

assurance of risk transfer (King; column 3, lines 12-17, 40-44).

9.   Claims 12-15 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al.,

U.S. Patent Number 5, 704, 045, Schwab, S., "Reinsurer Liability For Contingent Claims," The

International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178, hereinafter known as

Schwab, and Hall, R., "Alternatives to Estimation of Claims and Acceleration of Reinsurance

Recoverables: The Uniform Receivership Law," (1999), URL:

<http://www.robertmhall.com/articles/k.htm>, hereinafter known as Hall, as applied to claim 1

above, and further in view of Jenkins, T. "Risk in the Insurance Sector," (1999), URL:

<http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference_papers1/risk_insurance_sector

.pdf>, hereinafter known as Jenkins for substantially the same reasons given in the previous

Office Action (paper number 01242006). Further reasons appear hereinbelow.

        (A)   As per claims 12 and 14, King, Schwab and Hall teach a method as analyzed and

discussed in claims 1 and 2 above.

        King, Schwab and Hall fail to explicitly disclose wherein said reinsurer risk factor

includes a payment lag factor related to the timeliness of payments of said reinsurers' obligations

and a credit risk factor related to an estimated creditworthiness of the reinsurers.

        However, the above features are well-known in the art, as evidenced by Jenkins.

In particular, Jenkins teaches said reinsurer risk factor includes a credit risk factor related to the

creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments

of said reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1, paragraph 2, lines 1-4, column 2, paragraphs 6-8).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the method of King, Schwab and Hall to include these limitations, as taught by Jenkins, with the motivation of enabling an insurer to price for risk, adjust its prices in the light of experience, and match the risk it retains with its capacity to meet claims in reasonably likely circumstances, thus operating a sound and adaptive business (Jenkins; page 46, column 2, lines 1-5).

The motivations for combining the respective teachings of King, Schwab, and Hall are as given in the rejection of claim 1 above, and incorporated herein.

(B)   As per claims 13, 15, King, Schwab, Hall and Jenkins teach a method as analyzed and discussed in claims 1, 2, 12 and 14 above

wherein calculating the fixed dividend further is based on a factor for a return on capital (reads "on investment") (Jenkins; page 42, column 2, paragraph 3);

further comprising undertaking "scenario testing" (reads on "determining multiple scenarios for the ultimate amounts of liabilities"), and

determining a net present value of the expected recovery from reinsurers' obligations corresponding to the statistical average of the multiple scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14), (Schwab; see at least page 176, lines 5-44), (Jenkins; page 68, column 1, line 10 to column 2, line 8); Examiner interprets Jenkins teachings of "scenario testing" together with "an actuary's analysis" and "modelling

process" and "life [insurance] companies have integrated actuaries into the organisation"

(Jenkins; page 68, column 1, line 10 to column 2, line 8) as teaching a form of actuarial analysis

to provide the statistical average of the multiple scenarios.

The motivations for combining the respective teachings of King, Schwab, and Hall and

Jenkins are as given in the rejections of claims 1 and 12 above, and incorporated herein.

10.   Claims 16-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over King et al.,

U.S. Patent Number 5, 704, 045 in view of Schwab, S., "Reinsurer Liability For Contingent

Claims," The International Journal Of Insurance Law 1997, Vol 4, pp 28-39; 175-178,

hereinafter known as Schwab, Hammond et al., U.S. Patent Number 5, 712, 984 and Jenkins, T.

"Risk in the Insurance Sector," (1999), URL:

<http://www.apra.gov.au/RePEc/RePEcDocs/Archive/conference_papers1/risk_insurance_sector

.pdf>, hereinafter known as Jenkins for substantially the same reasons given in the previous

Office Action (paper number 01242006). Further reasons appear hereinbelow.

(A)   As per claim 16, King, Schwab and Hammond teach a method as analyzed and

discussed in claim 4 above.

King, Schwab and Hammond fail to explicitly disclose wherein said reinsurer risk factor

includes a credit risk factor related to an estimated creditworthiness of the reinsurers and a

payment lag factor related to the timeliness of payments of the reinsurers' obligations.

However, the above features are well-known in the art, as evidenced by Jenkins.

In particular, Jenkins teaches said reinsurer risk factor includes a credit risk factor related to the creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments of the reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1, paragraph 2, lines 1-4, column 2, paragraphs 6-8).

It would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the combined teachings of King, Schwab and Hammond to include these limitations, as taught by Jenkins, with the motivations of enabling an insurer to price for risk, adjust its prices in the light of experience, and match the risk it retains with its capacity to meet claims in reasonably likely circumstances, thus operating a sound and adaptive business (Jenkins; page 46, column 2, lines 1-5).

The motivations for combining the respective teachings of King, Schwab, and Hammond are as given in the rejection of claim 4 above, and incorporated herein.

(B)   As per claims 17-20, King, Schwab, Hammond and Jenkins teach a method as analyzed and discussed in claims 4, 10, and 16 above

wherein evaluating said reinsurers' obligations further comprises undertaking "scenario testing" (reads on determining multiple scenarios for the ultimate amounts of liabilities) (Jenkins; page 68, column 1, lines 10-15), and determining a net present value of the expected recovery from reinsurers' obligations corresponding to the statistical average of the multiple scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column 21, line 14), (Schwab; see at least page 176, lines 5-44) , (Jenkins; page 68, column 1, line 10 to column 2, line 8); Examiner interprets Jenkins teachings of "scenario testing" together with "an actuary's

analysis" and "modelling process" and "life [insurance] companies have integrated actuaries into

the organisation" (Jenkins; page 68, column 1, line 10 to column 2, line 8) as teaching a form of

actuarial analysis to provide the statistical average of the multiple scenarios;

wherein determining with the computer a guaranteed payment rate further comprises

applying a factor for a return on capital (reads on investment) required by the Indemnifying

Agent (Jenkins; page 42, column 2, paragraph 3);

wherein said reinsurer risk factor includes a credit risk factor related to an estimated

creditworthiness of the reinsurers and a payment lag factor related to the timeliness of payments

of said reinsurers' obligations (Jenkins; page 42, column 2, paragraph 3, page 46, column 1,

paragraph 2, lines 1-4, column 2, paragraphs 6-8);

wherein determining the expected amount of the reinsurers' obligations on the insurance

claims for unstated amounts and calculating the present value of the reinsurers' obligations

further comprises undertaking "scenario testing" (reads on determining multiple scenarios for the

ultimate amounts of insurance claims), and determining a net present value of the expected

recovery from reinsurers' obligations corresponding to the statistical average of the multiple

scenarios (King; column 8, lines 19-32, column 10, lines 33-36, column 20, line 64 to column

21, line 14), (Schwab; see at least page 176, lines 5-44), (Jenkins; page 68, column 1, line 10 to

column 2, line 8); Examiner interprets Jenkins teachings of "scenario testing" together with "an

actuary's analysis" and "modelling process" and "life [insurance] companies have integrated

actuaries into the organisation" (Jenkins; page 68, column 1, line 10 to column 2, line 8) as

teaching a form of actuarial analysis to provide the statistical average of the multiple scenarios.

The motivations for combining the respective teachings of King, Schwab, Hammond and

Jenkins are as given in the rejections of claims 4 and 16above, and incorporated herein.

Response to Arguments

11.   Applicant's arguments filed 22 December 2006 have been fully considered but they are

not persuasive. Applicant's arguments will be addressed hereinbelow in the order in which they

appear in the response filed 22 December 2006.

(A)   At page 7 of the 22 December 2006 response, Applicant argues that the objection

to claim 1 because the claim listings were not properly marked was in made in error and should

be withdrawn. Examiner disagrees that an error was made, as has been unambiguously discussed

in section 3 above; however, due to the submission filed on 22 December 2006, the objection to

claim 1 has been withdrawn.

(B)   At pages 7-8 of the 22 December 2006 amendment, Applicant argues that the

submission of 22 December 2006 overcame the rejections under 35 U.S.C. 112. Examiner agrees

and has withdrawn the rejections under 35 U.S.C. 112.

(C)   At pages 8-13 of the 22 December 2006 response, Applicant argues that the claim

limitations in the 22 December 2006 amendment are not taught or suggested by the applied

references. In response, all of the limitations which Applicant disputes are missing in the applied

references have been fully addressed by the Examiner as either being fully disclosed or obvious

in view of the collective teachings of King, Schwab, Hall, Hammond, and Jenkins, based on the

logic and sound scientific reasoning of one ordinarily skilled in the art at the time of the

invention, as detailed in the 35 USC § 103 rejections given in the preceding sections of the

present Office Action and in the prior Office Action, and incorporated herein. In particular,

Examiner notes that the limitations of "guaranteeing the payment of the fixed dividend to

claimants or insureds of the insolvent Insurance Company when said allowed claims mature" are

taught by the combination of cited references. In particular, Examiner interprets Schwab's

recitation of "<u>requires</u> [reads on "guarantees"] reinsurers to pay only on 'liquidated and

<u>determined claims</u>'" (emphasis added) (reads on "matured" or "quantified" claims, as per

Applicant's explanation of "matured" in Applicant's Specification, page 7, line 19], (Schwab;

see at least page 177, line 9) as teaching a form of "guaranteeing the payment ... [...] ...when

said allowed claims mature."

With respect to Applicant's argument at pages 8-9 of the 22 December 2006 response that

"Schwab fails to teach or suggest... [...] ... that payment is made upon allowed claims that have

matured," Examiner respectfully disagrees, as has been discussed in the immediately preceding

paragraph. Furthermore, Examiner notes that Schwab "<u>requires</u> [reads on "guarantees"]

reinsurers to pay only on 'liquidated and <u>determined claims</u>'" and that therefore the distribution

of assets is made on claims that are quantifiable, and therefore "mature" claims as per

Applicant's explanation of "matured" in Applicant's Specification (see page 7, line 19).

With respect to Applicant's argument at pages 10-11 of the 22 December 2006 response

that the applied references fail to disclose **"guaranteeing** payment," Examiner respectfully

disagrees, and notes that Schwab "requires" payment, (Schwab; see at least page 177, line 9),

which Examiner interprets to be a form of "guaranteeing" payment.

As such, it is unclear as to how or why Appellant's claimed limitations are not met by at

least the aforementioned passages. Perhaps Appellant is relying on features not expressly recited

in the claims, but disclosed in the specification. However it has been held that although the

claims are interpreted in light of the specification, limitations from the specification are not read

into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Furthermore, it is respectfully submitted that Applicant appears to view the applied references

without considering the knowledge of one of average skill in the art, and further fails to

appreciate the breadth of the claim language that is presently recited.

In response to Applicant's argument at pages 10-11 of the 22 December 2006 response

that there is no suggestion to combine the references, the Examiner notes that the motivations for

combining the applied references can be found either in the references themselves or in the

knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071,

5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir.

1992). In the instant case, the Examiner respectfully notes that each and every motivation to

combine the applied references is accompanied by select portions of the respective reference(s)

which specifically support that particular motivation. That is, in the instant application the

motivations have been found in the references themselves. See for example page 4 above, i.e.

"... with the motivation of protecting the interests of the insurance company's claimants..."

(Schwab; page 176, lines 40-41)," and on page 5 above, i.e., "with the motivation of providing

an effective mechanism for handling insurance receiverships ..." (Hall; page 1, paragraph 6). As

such, it is NOT seen that the Examiner's combination of references is unsupported by the applied

prior art of record. Rather, it is respectfully submitted that explanation based on the logic and

scientific reasoning of one ordinarily skilled in the art at the time of the invention that support a

holding of obviousness has been adequately provided by the motivations and reasons indicated

by the Examiner, *Ex parte Levengood* 28 USPQ 2d 1300 (Bd. Pat. App. & Inter., 4/22/93). It is

respectfully submitted that contrary to Applicant's allegations, the features that Applicant

disputes and the motivations for combining references are clearly within the teachings of the

applied references and that Applicant fails to properly consider the clear and unmistakable

teachings of the applied references, as illustrated above. Consequently, the Examiner respectfully

submits that the burden of presenting a *prima facie* case of obviousness has at least been

satisfied, since evidence has been presented of corresponding claim elements in the prior art and

the combinations and the motivations for combinations that fairly suggest Applicant's claimed

invention have been expressly articulated.

With respect to Applicant's argument at the paragraph bridging pages 10-11 of the 22

December 2006 response that neither Schwab nor King nor "the sections of Hall cited in the

rejection of claim 1" disclose "a guaranteed payment or a fixed dividend being paid to the

claimants when the claim matures," it is respectfully submitted that this limitation has already

been discussed in this office action, and further that Applicant fails to consider the entire

references noted and focuses on only selected cites, taking them out of context. Further it is the

entire combined applied reference(s), and not only the cited passages that must be considered

when evaluating whether or not the applied references teach the cited limitations.

With respect to Applicant's argument at the paragraph bridging pages 10-11 of the 22

December 2006 response that there is no teaching as to "how to incorporate guaranteed payments

of fixed dividends to mature claims of an insurance receivership" these limitations have already

been discussed earlier in this Office Action.

With regard to arguments on pages 11-13 of the 22 December 2006 response, these

contentions have already been discussed earlier in this Office Action.

Conclusion

12.   Any response to this action should be mailed to:

**Commissioner of Patents and Trademarks
     Washington D.C. 20231**

or faxed to: **(571) 273-8300.**

For informal or draft communications, please label
"PROPOSED" or "DRAFT" on the front page of the
communication and do NOT sign the communication.
After Final communications should be labeled "Box AF."

13.   Any inquiry concerning this communication or earlier communications from the
examiner should be directed to Natalie A. Pass whose telephone number is (571) 272-6774. The
examiner can normally be reached on Monday through Thursday from 9:00 AM to 6:30 PM. The
examiner can also be reached on alternate Fridays.

14.   If attempts to reach the examiner by telephone are unsuccessful, the examiner's
supervisor, Joseph Thomas, can be reached at (571) 272-6776. Any inquiry of a general nature or
relating to the status of this application or proceeding should be directed to the Receptionist
whose telephone number is (571) 272-3600.

15.   Information regarding the status of an application may be obtained from the Patent
Application Information Retrieval (PAIR) system. Status information for published applications
may be obtained from either Private PAIR or Public PAIR. Status information for unpublished
applications is available through Private PAIR only. For more information about the PAIR
system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR
system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Natalie A. Pass

February 5, 2007
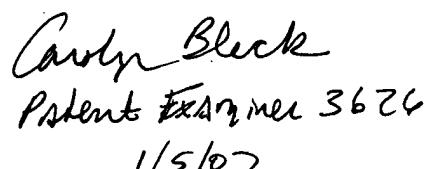
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Patent Examiner 3626
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